

FISCAL NOTE

HB 2615 - SB 3032

February 14, 2004

SUMMARY OF BILL: Allows local education agencies (LEAs) to provide school transportation to students who live outside a 250 yard radius of the school. Under current law, school transportation is provided to students who live more than one and one-half miles by the nearest accessible route from the school.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$1,000,000 FY06-07

Increase Local Govt. Expenditures*:

Not less than \$12,200,000 One-Time FY04-05

Exceeds \$1,000,000 Recurring FY04-05

Increase Local Govt. Revenues - Exceeds \$1,000,000 FY06-07

Estimate assumes:

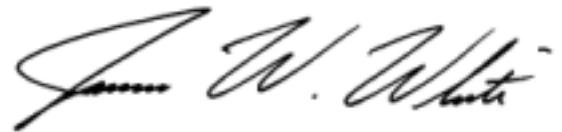
- An estimated cost to the following counties to implement the requirements of the bill is as follows:
 - Metro-Davidson County School - \$3,700,000
 - Hamilton County Schools - \$2,000,000
 - Knox County Schools - \$1,500,000
 - Memphis City Schools - \$5,000,000
 - Bedford County Schools - Already provide next door service
 - Sumner County Schools - Already provide next door service
- The cost to local governments to implement the bill statewide would be greater than \$12,200,000.
- One-time costs to the systems would be for the purchase of additional school buses. Recurring costs would include the cost of hiring school bus drivers and bus fleet maintenance.
- Urban systems appear to be more greatly impacted than rural systems. Rural systems may have longer routes due to lower population densities but could incur some additional expense since pupils are prohibited from being in transport for more than one and one-half hours.
- To implement the bill, systems would be required to hire bus drivers and purchase additional buses to transport those children living between 250 yards and one and one-half miles from the school.

For information purposes, current state expenditures for transportation are \$90,739,494. The state funds some transportation expenditures through the BEP. Funding is based on a self-adjusting formula drawing on actual spending. If the bill takes effect July 1, 2004, transportation funding for the year of implementation would be based on the average of each system's three previous fiscal years of transportation expenditures. Local expenditures in many urban school districts would increase immediately and substantially to cover the cost of additional buses and personnel. There would be no increase in state expenditures through BEP funding in FY04 or FY05. The BEP would adjust to cover the expenses by two-thirds starting in FY06 and each year thereafter until FY08. Therefore, it would take until FY08 for the BEP to adjust fully so that the expenditures associated with implementation of the requirements of this bill would be realized by LEAs.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director